State of Mississippi

2017
Debt Affordability Study

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Executive Summary

The Debt Affordability Study is a tool to help guide policymakers when assessing the impact of bond programs on the State's fiscal position, enabling them to make informed decisions regarding capital spending priorities and economic development needs. The data discussed and illustrated herein has been separated into the categories that represent the largest historical borrowing needs: Capital Improvements, Transportation, and Economic Development. Guidance on current as well as forecasted revenue has been provided by the Department of Finance and Administration and the State's Economist. A financial model has also been created to help measure the impact of changes in the annual debt service payment and the amount of revenue available for debt service.

The information presented not only gives our agency an invaluable look into the advantages of debt forecasting, it also gives our local and national community a look into the State's finances, our current debt burden along with our long term debt obligations, our revenue strengths, and a glimpse at our credit rating and standing amongst our peer states.

As of June 30, 2016, the total General Obligation debt outstanding for the State of Mississippi was $4,188,070,000. This debt is backed by the full faith and credit of the State and represents 31.46% of our Constitutional Debt limit for fiscal year-end 2016 ($13,312,193,788). The State remains a very strong credit in the eyes of the rating agencies (AA: Fitch Ratings Service / Aa2: Moody's Investor Service / AA: Standard and Poor's).

The remainder of this study will provide more detail regarding the State's bond indebtedness, debt policies, estimated annual debt service requirements, credit ratings, and estimated debt issuance along with revenue collections (both current and projected).

Any questions regarding the Debt Affordability Study or the information contained within may be directed to the Office of the State Treasurer, Bond Division.

PROFILE OF OUTSTANDING GENERAL OBLIGATION DEBT

Total Net Direct General Obligation Bonded Debt outstanding as of June 30, 2016 was $4,188,070,000 (an increase of $2,965,000 in outstanding debt compared to June 30, 2015). The debt represented by the issuance of these bonds is backed by the full faith and credit of the State of Mississippi. As of June 30, 2016 the State carried $200,000,000 in revenue bonds. Long-term fixed-rate debt comprises $4,026,815,000 of outstanding debt, while variable rate debt is $161,255,000 of total outstanding debt. This exposure to variable rate debt is in the form of 5 Year Floating Rate Bonds (benchmarked to LIBOR for the taxable bonds and to SIFMA for the tax-exempt bonds). All outstanding fixed-rate debt will mature from 2017 to 2037. Furthermore, debt issued outside of the purview of the State Bond Commission is not reflected in this total (some bonds issued by the Mississippi Development Bank carry the moral obligation pledge of the State and not the General Obligation). For purposes of this report, this type of debt is excluded from any analysis performed by the Debt Affordability Study. In addition to debt outstanding, the State currently has a number of projects authorized by the Legislature that have not been issued (see Appendix A: Authorized but Unissued). The balance at June 30, 2016 for projects authorized but not yet issued was $551.5 million.

Figure 1

FYE	Net Direct General Obligation Bonds & Notes	Self-Supporting General Obligation & Revenue Bonds	Total Bond Indebtedness
2001	2,434,252,000	216,095,000	2,650,347,000
2002	2,670,148,000	196,670,000	2,866,180,000
2003	2,823,654,000	181,815,000	3,005,469,000
2004	2,956,490,000	156,360,000	3,112,850,000
2005	2,934,090,000	131,950,000	3,066,040,000
2006	2,987,335,000	106,925,000	3,094,260,000
2007	3,158,200,000	81,950,000	3,240,150,000
2008	3,084,125,000	79,315,000	3,163,440,000
2009	3,422,840,000	3,790,000	3,426,630,000
2010	3,485,982,000	2,885,000	3,488,867,000
2011	3,784,525,000	1,955,000	3,786,480,000
2012	4,130,470,000	995,000	4,131,465,000
2013	4,055,890,000	0	4,055,890,000
2014	4,142,675,000	0	4,142,675,000
2015	4,185,105,000	0	4,185,105,000
2016	4,188,070,000	200,000,000	4,388,070,000

DEBT POLICIES

Limits on the issuance of general obligation debt are governed constitutionally in Mississippi. Section 115, Paragraph 2 of the Mississippi Constitution of 1890 provides that *"Neither the State nor any of it direct agencies, excluding political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one-half (1 ½) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever year might be higher."* The Constitutional Debt Limit at June 30, 2016 was $13,312,193,788. When compared to outstanding general obligation debt during the same period, the percentage of debt to the Constitutional Limit was 31.46%.

The issuance of general obligation bonds begins with the authorization of projects by the State of Mississippi's Legislature. During the Legislative session, various capital improvement and/or economic development projects are authorized by the voting members and then signed into law by the Governor. The State Bond Commission, comprised of the Governor (Chairman), Attorney General (Secretary), and State Treasurer, considers those projects authorized in current and past legislation and issues the appropriate bonds to fund these projects. When Refunding Bonds are being considered, MS Code § 31-27-13 provides that at least 2% net present value savings be attained in the issuance of this debt. To further ensure nominal savings on Refunding Bonds, State Bond Commission policy requires at least 3% net present value savings before the issuance of this type of debt.

Figure 2

FYE	Constitutional Debt Limit	FYE Total Bond Indebtedness	Debt as % of Limit
2012	12,451,109,180	4,130,470,000	33.17%
2013	12,505,103,786	4,055,890,000	32.43%
2014	12,823,921,730	4,142,675,000	32.30%
2015	13,312,193,788	4,185,105,000	31.44%
2016	13,312,193,788	4,188,070,000	31.46%

On October 26, 2016, the State Bond Commission adopted new rules for project compliance with debt management objectives. They were adopted through the Mississippi Administrative Rules process and finalized on January 1, 2017. These rules were developed by applying best practices from other states and from model rules of the National Association of Bond Lawyers.

The rules set out the following criteria for issuing General Obligation debt:

(1) In the instance of issuance of a tax-exempt bond, the project is for public use and does not meet any of the Private Activity Bond tests specified in 26 U.S. Code § 141, et. seq. (Subpart A -- Private Activity Bonds); or, in the instance of issuance of a Private Activity Bond, the Commission has clear and convincing evidence of economic use and benefit, including economic development, job creation, or other improvement of the public welfare;

(2) The project asset has a life equal to or longer than the life of its corresponding debt;

(3) No expenditures were made before the anticipated delivery date of the bonds, except in situations where the entity obtains a Declaration of Intent from the State Bond Commission;

(4) The authorized entity has submitted sufficient information to ensure the project asset is specific, not generic in nature; and

(5) The project is not the funding of salaries or other recurring expenses.

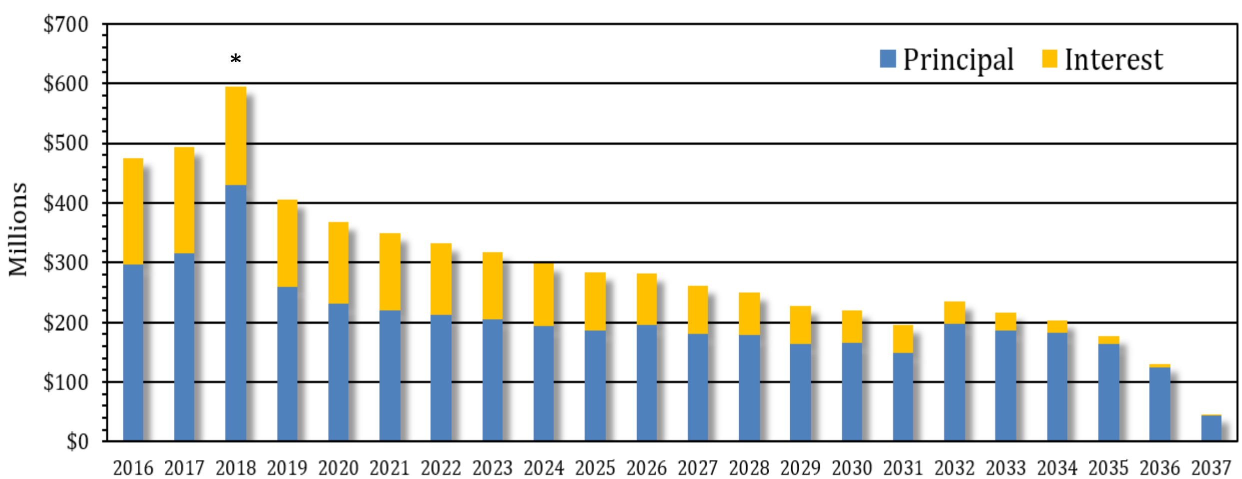
In addition, the Bond Commission may consider the financial impact on taxpayers throughout the State and over the lifetime of the bond repayment, whether the benefit of the project is primarily local or statewide, and whether other state, federal, or private funding mechanism might be more appropriate for funding the project.

The rules in their entirety may be found in Appendix C.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

The Office of the State Treasurer is assigned the task of managing debt service for the State. This agency ensures the timely payment of principal and interest (along with associated fees) for all outstanding debt by maintaining debt service schedules for each issue. Funds to pay the annual debt service requirements are appropriated by the State Legislature through the General Fund. In addition to the General Fund appropriation, debt service is also funded through the use of Special Funds. Funding from Special Funds is derived from interest earnings on unspent bond proceeds, repayments from loan programs issued on behalf of the Mississippi Development Authority, and other recurring and non-recurring transfers (such as tax credits from the Build America Bonds or early loan pay-offs). As illustrated below in Figure 3, amortization for all outstanding general obligation debt is payable through FY37.

Figure 3

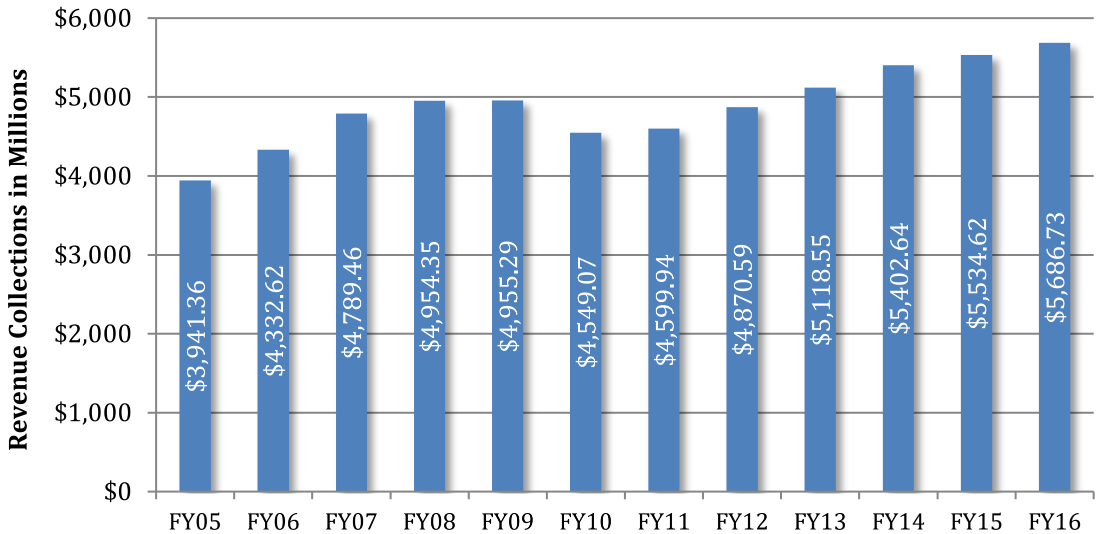


*A balloon payment from the floating rate bonds is due in FY 2018, however the intent of the State Bond Commission at that time is to restructure those bonds and extend the maturity.

REVENUE COLLECTIONS

Total General Fund revenues for FY 2016 were approximately $5,686.73 billion. These collections were 2.7% higher (approximately $152 million) than revenue collections for FY 2015.

Figure 4

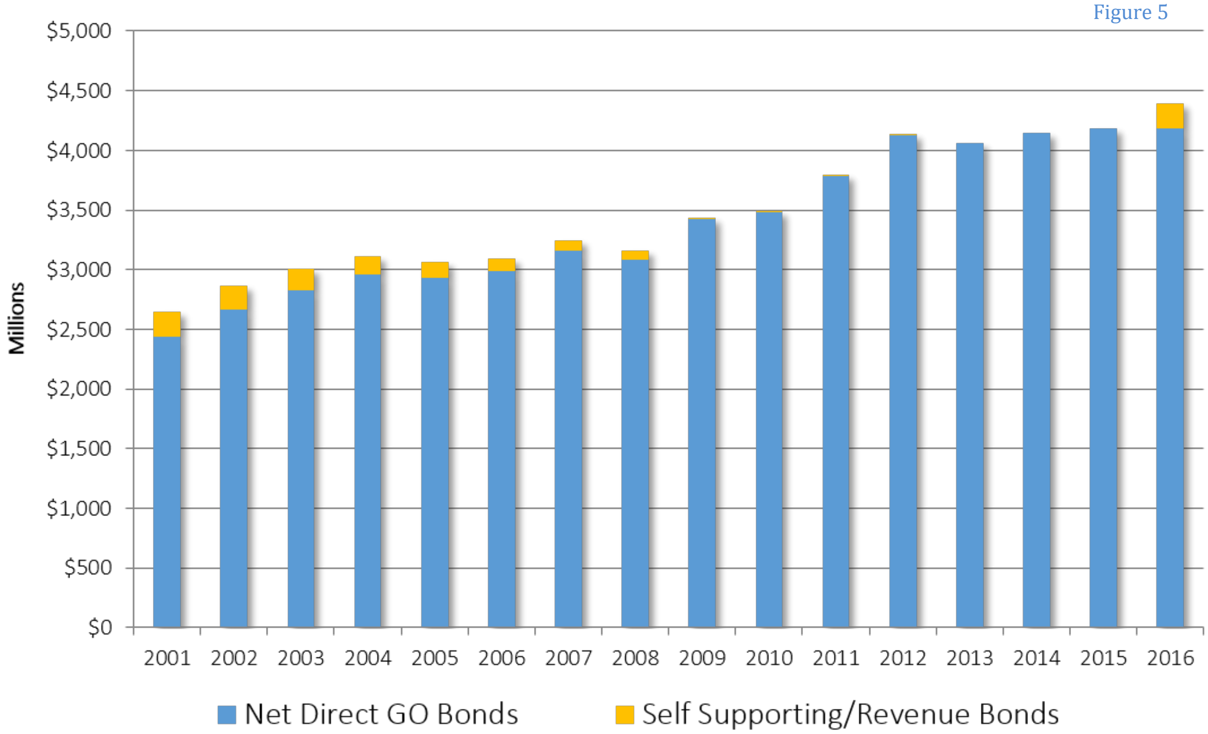


STATE BOND INDEBTEDNESS

Figure 5 below illustrates Historical Bond Indebtedness (*as of June 30th) each year from fiscal years 2001 to 2016.

Historical Bond Indebtedness

Figure 5



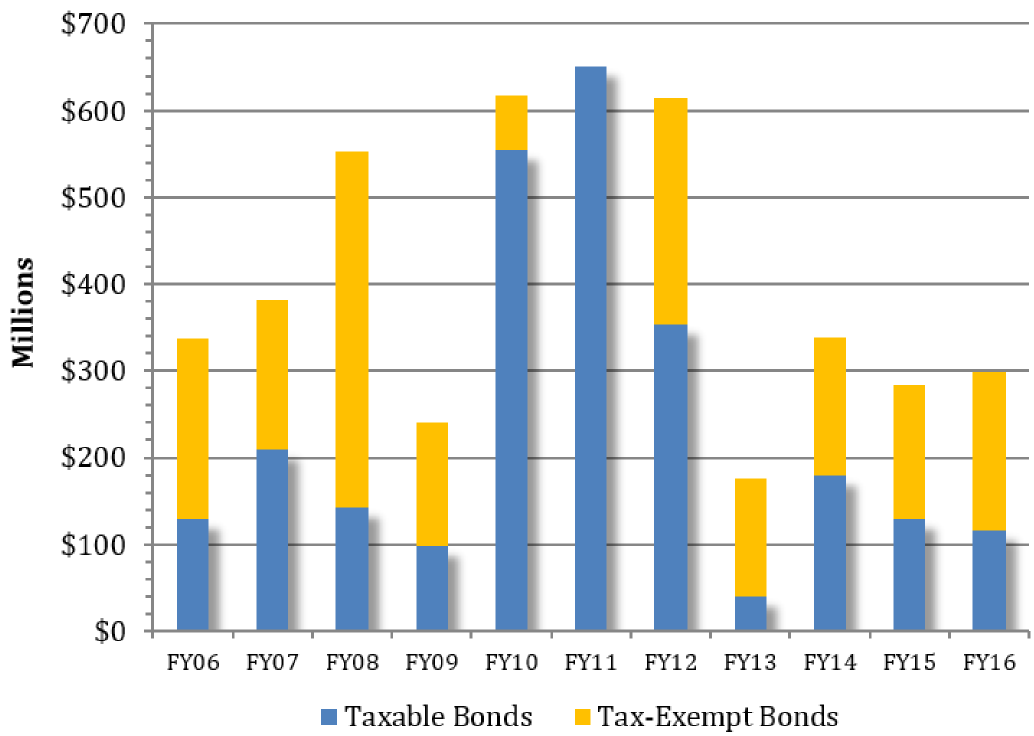
Total Net Direct General Obligation Bonds increased in FY16 from FY15 by approximately $2.97 million. In October 2015, the State issued $200,000,000 in Gaming Tax Revenue Bonds (Series 2015E). The proceeds from this sale will be used for the Mississippi Department of Transportation (MDOT) to construct an over-the-railroad bridge in Vicksburg, the Local System Bridge Program within State Aid Road Fund, and for deficient bridges on state highways. The debt service revenues are derived solely from gaming tax revenue collections from casinos located along the Mississippi River and the Gulf Coast.

"New money" issuance increased in FY16 when compared to FY15 by approximately $15.2 million. In FY16, the State issued a total of $298,895,000 (comprised of the $182,595,000 State of Mississippi General Obligation Bonds, Series 2015F (Tax-Exempt) and the $116,300,000 State of Mississippi Taxable General Obligation Bonds, Series 2015G).

As illustrated in Figure 6 below, the issuance of new money has fluctuated a great deal historically. The peak years on the graph primarily relate to the issuance of large economic development projects in the State.

New Money Issuance by Fiscal Year (Taxable vs. Tax-Exempt)

Figure 6

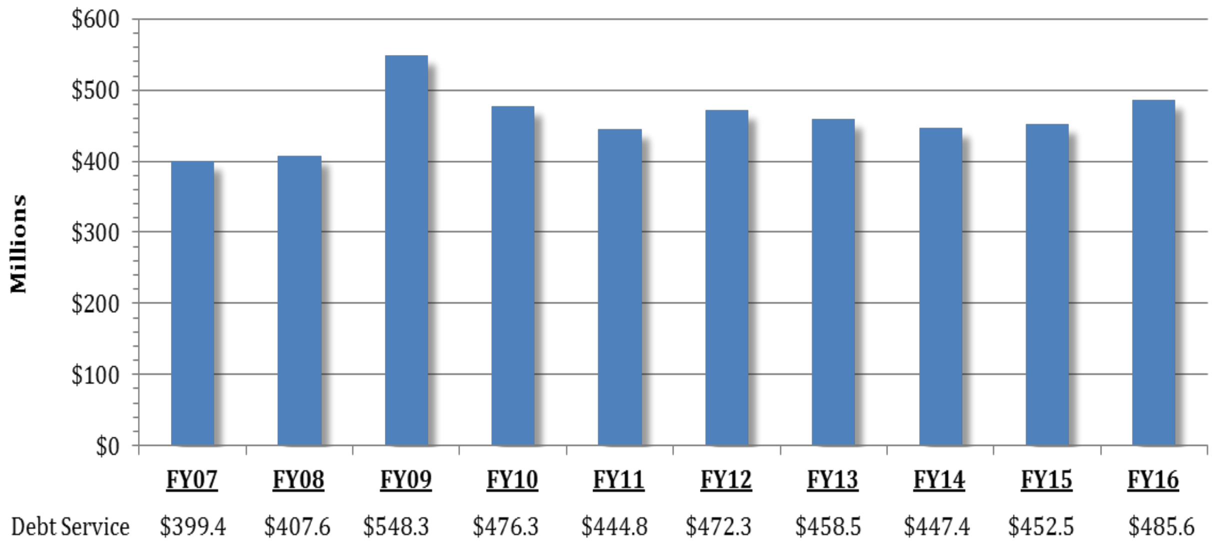


ANNUAL DEBT SERVICE

From FY 2007-FY 2016, annual general obligation debt service requirements have grown approximately 21.6%, increasing from $399.4 million to $485.6 million. From a budgetary perspective, measuring the growth in debt service indicates how much of the State's resources are obligated to pay debt service before providing for other essential government services. The graph below (Figure 7) shows debt service appropriations (received from General Fund and Special Fund appropriations) from FY07 through FY16.

Historical Debt Service Appropriations

Figure 7

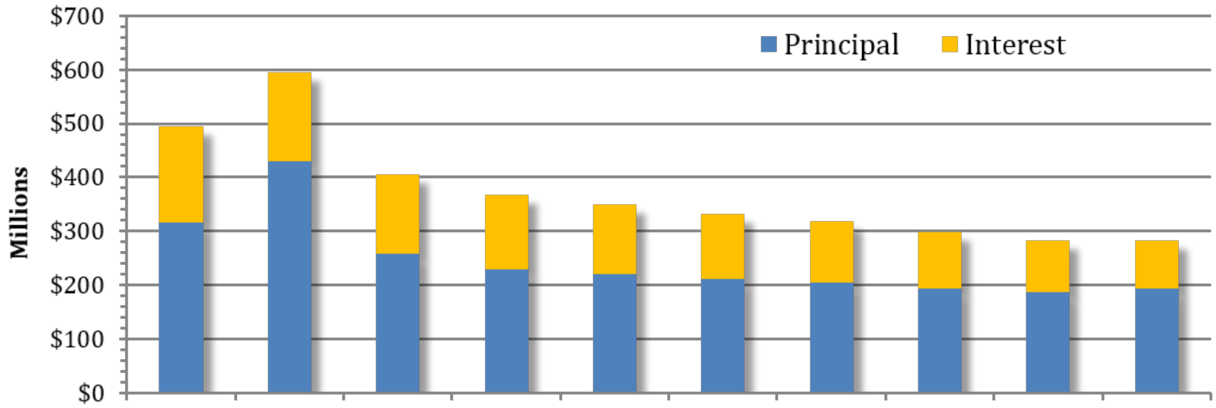


Annual debt service payments for the State's existing net tax-supported General Obligation debt for FY16 is approximately $485.6 million. As illustrated in Figure 8 on the next page, debt service payments over the next several fiscal years remain relatively flat ***assuming no future issuance***. The spike in FY18 is due to the maturity of the State's 5-year floating rate bonds (variable rate debt). The Office of the State Treasurer anticipates that these bonds will either be converted into another similar instrument at that time or the floating rate bonds will be rolled into long-term fixed rate debt. Subsequent to the increase in FY18, and ***assuming no future issuance,*** debt service over the next five fiscal years begins to decline.

Future Debt Service Requirements on Existing General Obligation Debt

As of June 30, 2016

Figure 8



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Principal	$316.5	$429.6	$258.8	$230.6	$219.8	$212.0	$205.9	$194.5	$187.0	$197.7
Interest	$177.7	$165.5	$147.1	$137.8	$129.0	$120.3	$112.1	$104.2	$96.2	$87.8
Total	**$494.2**	**$595.1**	**$405.9**	**$368.4**	**$348.8**	**$332.3**	**$318.0**	**$298.7**	**$283.2**	**$282.5**

*A balloon payment from the floating rate bonds is due in FY 2018, however the intent of the State Bond Commission at that time is to restructure those bonds and extend the maturity.

Build America Bonds (BABs) and Recovery Zone Economic Development Bonds (RZEDBs) were authorized under the American Recovery and Reinvestment Act of 2009 and issued with taxable interest rates with the Federal Government reimbursing the issuer for 35% of the interest cost for the BABs and 45% of the interest cost for the RZEDBs. The State issued approximately $470 million in BABs during fiscal years '10 and '11 and $45 million in RZEDBs in FY11. Debt service is shown net of the BABs and RZEDBs subsidy for purposes of this report. Due to federal sequestration, the subsidy has been cut in recent years as follows: 8.7% in FY 2013; 7.2% in FY 2014; 7.3% in FY 2015; and 6.8% in FY 2016. The amount of subsidy the State receives from the federal government is budgeted and used for the annual payment of debt service for the BABs and RZEDBs.

DEBT ISSUANCE AND DEBT SERVICE FORECAST

The Office of the State Treasurer collected data from the agencies that represent the largest borrowing needs in the State. These agencies were asked to review or examine their long term needs and assess the importance and time sensitivity in funding those needs through borrowing. The data in this study represents the 5 year estimated borrowing needs for the Mississippi Development Authority, the Department of Finance and Administration – Bureau of Buildings, and the Mississippi Department of Transportation. These 5 year plans are necessary to forecast how future borrowings would affect current indebtedness.

Estimated future bond issuance has been provided by the three agencies that represent the majority of historical borrowings in the State: Mississippi Development Authority (MDA), the Department of Finance and Administration – Bureau of Buildings (BoB), and the Mississippi Department of Transportation (MDOT).

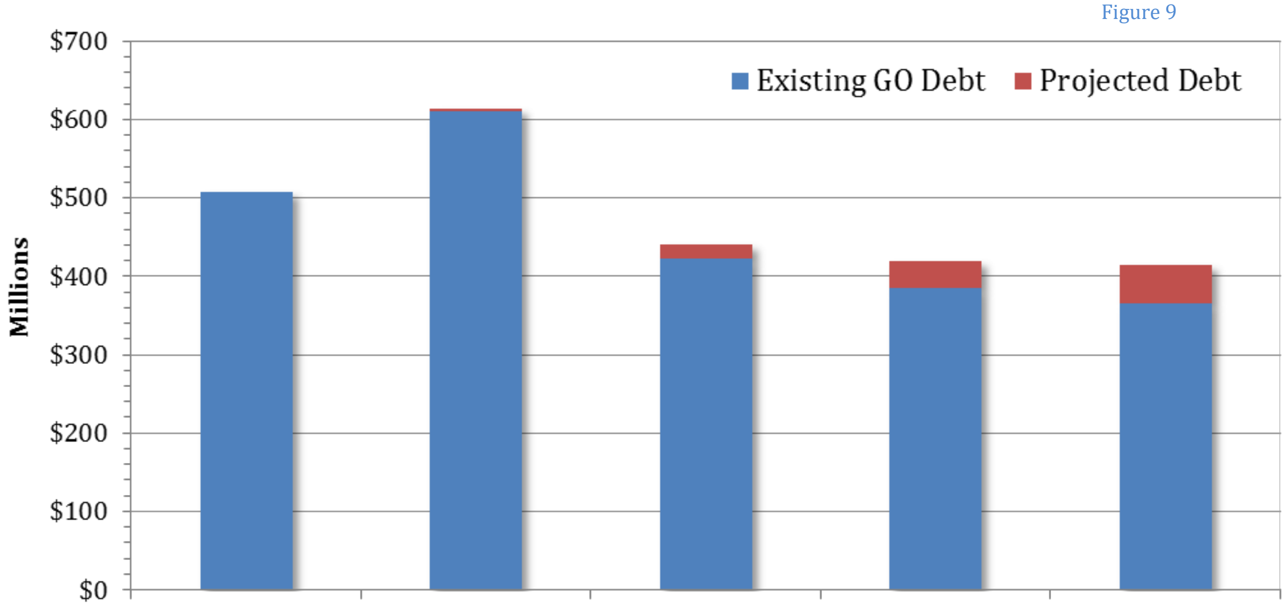
MDA's numbers are estimates for the average annual usage in key programs over the next 5 years (such as the Industry Incentive Financing Revolving Fund, the ACE fund, and the Development Infrastructure Program).

Figure 10 illustrates existing debt service and the ***estimated annual debt service*** for projected financing needs over the next 5 fiscal years. These projections include projects administered through MDA, BoB, and MDOT. Information provided by each of these agencies was used in the calculation of future estimated debt service requirements. These numbers do not include various other agencies' financing projections and/or programs

Existing and Projected Debt Service Payments

(in thousands)

Figure 9



	2017	2018	2019	2020	2021
Existing	$507,307	$609,902	$422,040	$384,518	$364,918
Projected	$0	$3,617	$17,898	$34,230	$48,852
Total	**$507,307**	**$613,519**	**$439,938**	**$418,748**	**$413,770**

Note that a balloon payment from the Floating Rate Bonds is due in FY18; however, the intent of the State Bond Commission at that time is to restructure those bonds and extend the maturity.

Revenue Forecast

General Fund Revenue collections for FY 2016 exceeded FY 2015 collections by approximately $152 million or 2.7%.

Historical Revenue Available for Tax-Supported Debt

(in millions)

Figure 10

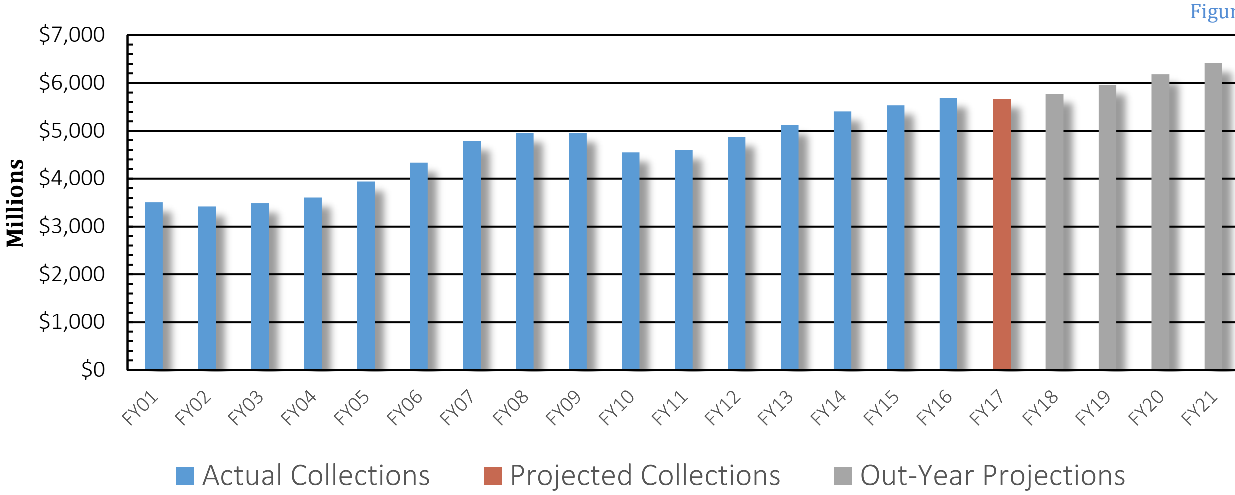
	ACTUAL COLLECTIONS				PROJECTED COLLECTIONS				
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
General Fund Collections									
Sales Tax	1,911.1	1,955.1	2,034.3	2,062.1	2,077.7	2,129.6	2,207.7	2,298.5	2,388.2
Individual Income Tax	1,650.1	1,666.8	1,743.4	1,769.4	1,840.2	1,895.8	1,970.3	2,049.2	2,130.2
Corporate Income Tax	524.1	677.0	714.1	596.3	596.3	586.7	578.5	598.2	617.8
Use Tax	233.4	246.3	226.5	238.3	248.3	258.0	265.2	272.8	281.6
Gaming Fees and Taxes	139.6	127.8	131.3	133.8	135.2	136.5	139.2	142.0	144.9
All Other Sources	660.2	729.6	685.0	886.8	773.5	769.5	793.6	821.8	850.1
TOTAL GENERAL FUND COLLECTIONS	**5,118.5**	**5,402.6**	**5,534.6**	**5,686.7**	**5,671.2**	**5,776.1**	**5,954.5**	**6,182.5**	**6,412.8**

Figure 10 above illustrates the collections for the most recently completed four fiscal years, plus the FY 2017 and FY 2018 projections adopted by the Joint Legislative Budget Committee. We requested information from the State's Economist regarding out-year projections and were provided the numbers shown above for the fiscal years 2019 through 2021. The projections for fiscal years 2019 through 2021 are a reflection of the long term growth anticipated by the State's Economist and have not been officially adopted.

Historical General Fund Collections

(with out-year projections)

Figure 11



While there are some specific special fund revenues dedicated to the payment of debt service (interest earnings, loan repayments, subsidies), the majority of the funding for the payment of debt service comes from the General Fund revenue collections.

COMPARISON OF DEBT RATIOS

A state's debt burden is evaluated in part with three debt ratios: 1) net tax supported debt per capita, 2) net tax supported debt as a percentage of personal income, and 3) debt service to revenues.

The data provided below is prepared by Moody's Investor Services annually. The data illustrates state-by-state comparisons and rankings for net-tax supported debt as it relates to various financial criteria. In FY16, $1,707 represented the amount each Mississippian is "responsible" for in order to cover all Net-Tax Supported Debt for the State. This amount represents 5.0% of personal income -- higher than the national median. The debt service ratio (which is derived from debt service on net tax supported debt divided by operating fund revenues plus pledged revenues) measures net tax supported debt as a percentage of revenues. The State's debt service ratio of 6.0% is higher than the national median. The rankings of Mississippi nationally for Net Tax Supported Debt per Capita, Net Tax Supported Debt as a Percentage of Personal Income, and the Debt Service Ratio are 15th, 10th, and 15th, respectively. As provided by the information found in the Moody's State Debt Medians report, the scale slides from 1-50 (with 50 being the state with the best averages and 1 being the state with the worst averages).

Figure 12

	Mississippi	National Median	Mississippi's National Rank
NTSD per capita	$1,707	$1,025	15th
% of personal income	5.0%	2.5%	10th
% of State GDP	4.88%	2.21%	5th
Debt Service Ratio	6.0%	4.3%	15th

Mississippi's debt ratios lag the national averages as well as those in its peer group (see Figure 13 on the following page for comparison to other Aa2 states).

2016 Comparison of Mississippi to Peer Group

Figure 13

	Rating	Net Tax Supported Debt Per Capita	Rank	Net Tax Supported Debt as a % of Personal Income	Rank	Debt Service Ratios	Rank
Mississippi	Aa2	$1,707	15	5.0	10	6.0	15
Hawaii	Aa2	$4,557	3	9.9	1	10.9	2
Kentucky	Aa2	$1,954	10	5.2	9	7.6	7
Rhode Island	Aa2	$1,813	13	3.7	15	6.4	12
Wisconsin	Aa2	$1,780	14	4.0	13	6.8	10
Kansas	Aa2	$1,534	17	3.4	17	3.4	34
Maine	Aa2	$928	28	2.2	29	5.1	21
Arizona	Aa2	$776	32	2.1	31	4.6	24
Nevada	Aa2	$591	38	1.5	37	5.6	18
Oklahoma	Aa2	$397	43	0.9	42	2.6	36

Credit Rating Review

Credit ratings play an important role in the issuance of debt and are one of the factors that affects the State's cost of capital on debt issuance. The State's credit rating is the opinion about credit risk by the nation's three most widely recognized rating agencies: Moody's Investor Services, Standard and Poor's, and Fitch Ratings. Credit ratings express the respective agency's opinion about the ability and willingness of an issuer to meet its financial obligations in full and on time. Each agency applies its own methodology in measuring creditworthiness and uses a specific rating scale to publish its ratings opinion. Generally, the following factors are considered in the analysis: government framework, debt and liability profile, budgetary performance, financial management, and the economy.

The State is currently in the process of preparing to issue General Obligation debt and recently received the following ratings: AA (Fitch Ratings Services); Aa2 (Moody's); and AA (Standard and Poor's). Standard and Poor's and Fitch assigned a stable rating outlook while Moody's remained negative.

In August, 2016, Moody's lowered the State's outlook to negative due to revenue weakness and use of reserves to address same. In its most recent report, Moody's noted that the negative outlook reflects ongoing revenue weakness and below-average economic growth which could lead to further reduction in reserves while a significant increase in reserves could improve the State's outlook. All three agencies noted the State's budgetary framework and proactive fiscal management and policies as strengths; however, they also acknowledged that the State has suspended the 98% budgeting requirement for fiscal years 2015-2017. With regard to outlook, Standard and Poor's warned that reliance on the working-cash reserve or other nonrecurring revenue sources as well as deterioration in pension funded ratios could lead to a downgrade.

STATE OF MISSISSIPPI GENERAL OBLIGATION CREDIT RATINGS

Figure 14

	RATING	OUTLOOK
MOODY'S INVESTOR SERVICES	Aa2	Negative
STANDARD & POOR'S	AA	Stable
FITCH RATINGS	AA	Stable

Conclusion

Due to prudent debt management practices over the past several years, the total Direct Debt outstanding has remained relatively flat. The primary reason has been an effort to limit the amount of new authority approved by the Mississippi Legislature each year to an amount equal to or less than the principal amortization of outstanding debt during the same year. This level of debt issuance when coupled with ongoing principal amortization creates a moderate and manageable level of debt for the state. This by no means advocates that additional debt should be incurred by the State but rather acknowledges that currently the State is well within its confines of current debt outstanding (along with the estimates for future estimated debt outstanding) as it relates to the Constitutional Debt Limit.

Debt Service payments on existing outstanding debt are estimated to range from $507 million in FY 2017 to $614 million in FY 2018. After FY 2018, debt service on the existing bonds will begin to decline. Revenues available for the payment of debt service are expected to increase modestly over the next five years. However, continued economic uncertainties present risks to the State and could affect the revenue forecast going forward.

Appendix A: Authorized but Unissued

ISSUE NAME	SOURCE OF AUTHORITY	YR	BONDS AUTHORIZED	BONDS DE-AUTHORIZED	ISSUED	UNISSUED
				HB1049 2013 RLS		
Net Direct General Obligation						
Ace Fund	SB 2804,Laws of 2004; HB 3 3rd SS 2005; HB 1641 Laws of 2008; HB 35 2nd SS 2009; 2011 RLS SB 3100; 2013 RLS SB 2913;2014 RLS HB 787 & SB 2975; 2015 RLS SB 2906	2004	$116,650,000		$80,650,000	$36,000,000
Amite Co. Elem. School HVAC	2015 RLS SB 2906	2015	$200,000		$0	$200,000
Blair E. Batson Expansion Project	2015 RLS SB 2906	2015	$6,000,000		$0	$6,000,000
Bureau of Building DWFP Discretionary	2015 RLS SB 2906	2015	$2,400,000		$0	$2,400,000
Business Investment (DIP)	Ch. 419-1986; HB 1641 2008; RLS 2010 HB 1701; 2011 RLS SB 3100; 2013 RLS SB 2913;2014 RLS HB 787	1986	$346,500,000		$301,677,000	$44,823,000
Capital Improvements State Agencies	2007RLS SB 3201	2007	$84,300,000		$82,550,000	$1,750,000
Capital Improvements IHL/St. Agencies/CC/BOB Disc.	RLS 2011 SB 3100; RLS 2013 SB 2913	2011	$230,175,000	$9,000,000	$219,043,612	$2,131,388
Capital Improvements IHL	RLS 2015 SB 2906	2015	$71,700,000		$54,000,000	$17,700,000
Center for Manufacturing and Technology Excellence (EMCC)	2014 RLS HB 787; 2015 RLS SB 2906	2014	$18,000,000		$4,000,000	$14,000,000
City of Brandon - HWY 80 Improvement	2014 RLS HB 787	2014	$500,000		$0	$500,000
City of Madison I-55 Connector	2014 RLS HB 787	2014	$1,000,000		$0	$1,000,000
City of McComb Fire Station Construction	2015 RLS SB 2906	2015	$175,000		$0	$175,000
Community Heritage Preservation	Ch. 541, As Amended; 2006 RLS HB 1634, 2007RLS SB 3190, 2009 RLS HB 1722; 2010 RLS HB 1701; 2011 RLS SB 3100; 2013 RLS SB 2913;2014 RLS HB 787;2015 RLS SB 2906	2001	$41,700,000		$33,200,000	$8,500,000
Community and Junior Colleges Capital Improvements	2013 RLS SB 2913	2013	$25,000,000		$22,027,765	$2,972,235
Community and Junior Colleges Capital Improvements	2014 RLS HB 787	2014	$23,000,000		$18,810,000	$4,190,000
Community and Junior Colleges Capital Improvements	2015 RLS SB 2906	2015	$25,000,000		$10,670,000	$14,330,000
Economic Development Highway	Ch. 463-Laws of 1989; 2006 RLS HB 1506; RLS 2009 HB 1722; 2011 RLS SB 3100;2014 RLS HB 787	1989	$374,500,000		$313,900,000	$60,600,000
Energy Infrastructure Revolving Loan Program	2009 RLS HB 1722	2009	$20,000,000	$15,000,000	$0	$5,000,000
Fairground; MS State Fairground Improvements	2015 RLS SB 2906	2015	$10,000,000		$5,000,000	$5,000,000

Farm Reform	Ch. 482-Laws of 1987, As Amended	1987	$128,000,000		$108,000,000	$20,000,000
Grand Gulf Access Road	2007 RLS SB 3201	2007	$4,000,000		$0	$4,000,000
Major Economic Impact	Ch. 534-1989; HB 1628 HB 1404 and SB 2605-2009; 2013 RLS SB 2913	1989	$1,190,800,000	$48,000,000	$1,117,690,000	$25,110,000
Marine Resources Equip and Facilities	2006 RLS SB 3071; 2007 RLS HB 1126	2006	$30,000,000		$20,720,000	$9,280,000
Mental Health - E. MS St. Hosp. Psychiatric Receiving Unit	2015 RLS SB 2906	2015	$7,500,000		$5,000,000	$2,500,000
MS Alternative Fuel School Bus & Municipal Motor Vehicle Revolving Loan	2013 RLS HB 1685	2013	$2,750,000		$250,000	$2,500,000
MS Department of Information Services Improvements	2015 RLS SB 2906	2015	$1,000,000		$0	$1,000,000
MS Industry Incentive Financing Program	2010 RLS HB 1701; 2010 2nd SS HB 8; 2011 RLS SB 3100; 2011 ELS SB 2001;2013 RLS SB 2913	2010	$468,000,000		$388,000,000	$80,000,000
MS Technology Alliance Program	2007 RLS HB 1724	2007	$4,000,000		$2,550,000	$1,450,000
MS Small Business and Existing Forestry Industry Revolving Loan Program	RLS 2010 HB 1701	2010	$30,000,000		$5,000,000	$25,000,000
MS Civil Rights Museum/Museum of MS History	2009 RLS HB 1722;2011 RLS HB 1463;2014 RLS HB 787; 2015 RLS SB 2906	2009	$74,000,000		$73,996,623	$3,377
North Central MS Regional Railroad Authority Grant Program	2010 RLS SB 3181; 2014 RLS SB 2975	2010	$45,000,000		$30,000,000	$15,000,000
Parks Improvements (Pat Harrison)	CH. 464 as amended by Ch.386 GL 2000; HB 1351, 2010 RLS	1999	$15,925,000		$14,656,373	$1,268,627
Railroad Revitalization and Stimulus	2009 RLS HB 1713; 2010 RLS SB 3181	2009	$3,000,000		$1,000,000	$2,000,000
Rural Fire Truck Acquisition Fund	Ch1 Third Special Session, Laws of 2004; 2009 RLS HB 1722; RLS 2010 HB 1701; 2011 RLS SB 3100	2004	$17,850,000		$17,250,000	$600,000
Small Enterprise Development Finance	Ch. 580-Laws of 1988, As Amended	1988	$140,000,000		$215,817,000	$132,345,000
Sustainable Energy Research	2010 2nd SS HB 8	2010	$2,000,000		$1,000,000	$1,000,000
Total Net Direct General Obligation			**$3,560,625,000**	**$72,000,000**	**$3,146,458,373**	**$550,328,627**
Self-Supporting General Obligation						
Deer Island Project	Ch. 522-Laws of 2002	2002	$10,000,000		$8,800,000	$1,200,000
Total Self-Supporting General Obligation			**$10,000,000**	**$0**	**$8,800,000**	**$1,200,000**
Self-Supporting General Obligation and Revenue Bonds			**$10,000,000**	**$0**	**$8,800,000**	**$1,200,000**
TOTAL			**$3,570,625,000**	**$72,000,000**	**$3,155,258,373**	**$551,528,627**

Lynn Fitch
STATE TREASURER
TEAM

Subsequent Events

Through December 31, 2016

Bond Transactions:

July 2016

1) In July, the State issued an $80,000,000 Taxable General Obligation Note (Series 2016A Note) for the purpose of providing temporary funding for a portion of the costs associated with the Continental Tire The Americas project to be located in Hinds County, Mississippi.
2) This note will be converted to long-term debt in the FY 2018 bond sale.

November 2016

1) In November, the State Bond Commission authorized the sale of $188,850,000 Tax-Exempt Bonds (Series 2016B) and $81,500,000 Taxable Bonds (Series 2016C).
2) The All-in True Interest Cost for the Series 2016B was 3.649%; All-in True Interest Cost for the Series 2016C was 2.589%; and the aggregate All-in True Interest Cost was 3.511%.
3) Projects to be funded through the issuance of this debt include economic development projects within the taxable sale and funding for capital improvement projects through the tax-exempt sale.
4) The State received the following bond ratings: AA (Fitch Ratings Services); Aa2 (Moody's); and AA (Standard and Poor's). Standard and Poor's and Fitch assigned a stable rating outlook while Moody's remained negative.

Appendix C: Miss. Admin. Code 12-1-7:1.2A

(Project Compliance with Debt Management Objectives)

Miss. Admin. Code 12-1-7:1.2A

12-1-7:1.2A. Project Compliance with Debt Management Objectives

Unless otherwise directed by law, the State Bond Commission may only issue general obligation debt on behalf of the State of Mississippi if the project for which the debt is issued meets the following criteria:

(1) In the instance of issuance of a tax-exempt bond, the project is for public use and does not meet any of the Private Activity Bond tests specified in 26 U.S. Code § 141, et. seq. (Subpart A -- Private Activity Bonds); or, in the instance of issuance of a Private Activity Bond, the Commission has clear and convincing evidence of economic use and benefit, including economic development, job creation, or other improvement of the public welfare;

(2) The project asset has a life equal to or longer than the life of its corresponding debt;

(3) No expenditures were made before the anticipated delivery date of the bonds, except in situations where the entity obtains a Declaration of Intent from the State Bond Commission;

(4) The authorized entity has submitted sufficient information to ensure the project asset is specific, not generic in nature; and

(5) The project is not the funding of salaries or other recurring expenses.

For purposes of examining projects, the State Bond Commission may use definitions also utilized by the Governmental Accounting Standards Board, or GASB, where appropriate.

Members of the Bond Commission may consider the financial impact on taxpayers throughout the state and over the lifetime of the bond repayment. Members of the Bond Commission may also consider whether the benefit of the project is primarily to the state or to the local economy, and whether other state, federal or private funding mechanisms (including but not limited to, local bonds, privilege taxes, grants, loans from the Mississippi Development Bank, Mississippi Development Authority, the Mississippi Department of Environmental Quality, USDA Rural Development, and/or from a direct appropriation) might be available and more appropriate to generate the required funding for the project.

The members of the Bond Commission should endeavor to make themselves fully available to the members of the Legislature so that only projects that meet the above criteria are included in bond bills brought before the Legislature for passage.

Entities with projects authorized by the Legislature in bond bills are strongly urged not to rely on such funds until such time as the Bond Commission has approved the corresponding debt.

The members of the Bond Commission should endeavor to ensure that all projects included in any resolution brought before the Bond Commission meet the above criteria. Entities with projects authorized by the Legislature in bond bills are urged to provide the members of the Bond Commission with any information requested and as necessary to ensure that these guidelines are met. The Department of Finance and Administration shall gather sufficient information from non-State agency entities to allow the members of the Bond Commission to evaluate the project based on these criteria.